



INTERIM REPORT ON OPERATIONS AT 31st MARCH 2020

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Certification pursuant to Article 154-*bis* of Italian Legislative Decree 58/1998

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BOARD OF DIRECTORS

CHAIRMAN	MR	FILIPPO CASADIO
EXECUTIVE DIRECTOR	MR	FRANCESCO GANDOLFI COLLEONI
NON-EXECUTIVE DIRECTOR	MR	GIANFRANCO SEPRIANO
NON-EXECUTIVE DIRECTOR	MR	ORFEO DALLAGO
INDEPENDENT DIRECTOR	MS	FRANCESCA PISCHEDDA
INDEPENDENT DIRECTOR	MS	GIGLIOLA DI CHIARA

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CHAIRMAN	MR	FABIO SENESE
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SUBSTITUTE STATUTORY AUDITOR	MR	GIANFRANCO ZAPPI
SUBSTITUTE STATUTORY AUDITOR	MS	CLAUDIA MARESCA

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

CONTROL AND RISKS COMMITTEE

MS GIGLIOLA DI CHIARA
 MR GIANFRANCO SEPRIANO
 MS FRANCESCA PISCHEDDA

REMUNERATION COMMITTEE

MS FRANCESCA PISCHEDDA
 MR GIANFRANCO SEPRIANO
 MS GIGLIOLA DI CHIARA

INTERNAL AUDITOR

MR FABRIZIO BIANCHIMANI

SUPERVISORY BODY

MR FRANCESCO BASSI
 MR GABRIELE FANTI
 MR GIANLUCA PIFFANELLI

INTERIM REPORT ON OPERATIONS AT 31 MARCH 2020

IRCE Group's first quarter 2020 (hereinafter also the "Group") closed with a loss of € 0.87 million.

Consolidated turnover was € 77.26 million, down by 9.3% compared to the € 85.20 million of first quarter of 2019; the decrease was mainly due to the decline in volumes.

The reduction of sales, caused by the slowdown in demand that began last year, intensified in March, with the spread of the Corona virus in Europe. In the winding wire sector, the decrease of sales occurred in Europe, whilst they increased in the non-European markets. Sales of cables were in line with those of the first quarter of last year, even though, in March, they recorded a sharp reduction, because of the stop of the activities, imposed by the Italian government, to cope with the Covid-19 emergency.

The consolidated turnover without metal¹ decreased by 8.9%; the winding wires sector decreased by 11.1%, while the cable sector has a substantial balance (+0.8%).

In detail:

Consolidated turnover without metal (€/million)	2020 1 st quarter		2019 1 st quarter		Change %
	Value	%	Value	%	
Winding wires	13.90	79.6%	15.63	81.6%	-11.1%
Cables	3.56	20.4%	3.53	18.4%	0.8%
Total	17.46	100.0%	19.16	100.0%	-8.9%

The following table reports the results compared with those of the first three months of last year, including the adjusted values of EBITDA and EBIT.

Consolidated income statement data (€/million)	1 st quarter 2020	1 st quarter 2019	Change
Turnover ²	77.26	85.20	(7.94)
EBITDA ³	2.91	2.73	0.18
EBIT	1.06	0.97	0.09
Profit / (loss) before taxes	(1.02)	2.36	(3.38)
Net profit / (loss) of the period	(0.87)	1.52	(2.39)
Adjusted EBITDA ⁴	0.49	4.10	(3.61)
Adjusted EBIT ⁴	(1.36)	2.34	(3.70)

It is worth noting that the first quarter result was negatively affected by the *fair value* evaluation, at March 31, 2020, of the copper forward purchases made to hedge sales to customers with future deliveries at fixed price.

¹ Turnover without metal corresponds to overall turnover after deducting the metal component.

² The item "Turnover" represents the "Sales Revenues" reported in the income statement.

³ EBITDA is a performance indicator used by the Management of the Group in order to assess the operating performance of the company and is not identified as an accounting item within IFRS; it is calculated by IRCE S.p.A. by adding amortisation/depreciation, allocations and write-downs to EBIT.

⁴ Adjusted EBITDA and EBIT are respectively calculated as the sum of EBITDA and EBIT and the income/charges from operations on copper derivatives transactions (€ -2.42 million in the first quarter 2020 and € +1.37 million in the first quarter 2019). These indicators are used by the Management of the Group in order to monitor and assess the operational performance of the Group and are not identified as accounting items within IFRS. Given that the composition of these measures is not regulated by the reference accounting standards, the criterion used by the Group could potentially not be consistent with that adopted by others and therefore not be comparable.

Consolidated statement of financial position data (€/million)	As of 31.03.2020	As of 31.12.2019	Change
Net capital employed	168.44	173.89	(5.45)
Shareholders' equity	122.59	131.50	(8.91)
Net financial debt ⁵	45.85	42.39	3.46

Consolidated net financial debt, at the end of March 2020, was € 45.85 million, up from € 42.39 million at the end of 2019.

The reduction of consolidated shareholders' equity, is due to the consolidation of our Brazilian subsidiary, which, because of the devaluation of the Brazilian Real (around 20% against the Euro), required an increase of 8.60 million in the negative value of the translation reserve.

The Group's investments, in the first quarter 2020, were € 0.53 million and mainly concerned IRCE S.p.A.

During this period, the Group has adopted all necessary measures aimed to mitigate the impact of the emergency and to protect the health of its employees as the use of personal protective equipment, compliance with the measures of social distancing and hygiene procedures and social safety as CIGO were also activated.

All the Group's plants for the production of winding wires, in Europe and in Brazil, which represent the predominant part of our business, are remained in operation during the lockdown period adopted by the authorities during 2020.

In particular, the parent company IRCE SPA continued to produce, in a limited way, in the Imola (BO) and Umbertide (PG) plants, while the Guglionesi (CB) plant has resumed all activities on 4 May and the Miradolo Terme (PV) plant has resumed on April 22.

It should also be remembered that the Board of Directors during the meeting on 20 April 2020 resolved the modification of the distribution proposal of the dividend on the profits for the year 2019 of the parent company IRCE SPA and the withdrawal of the proposal to authorize the purchase and allocation of own shares, in order to increase the possibility of using financial sources.

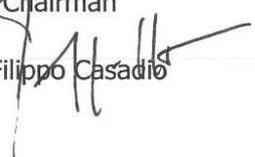
Following the general suspension of production activities in Italy and in other European countries, to face the spread of the Coronavirus, and taking into account our April sales and the indication collected on the market on the foreseeable trend of demand in the months to come, we expect a reduction in the turnover by 30% in the second quarter. The uncertainty about the duration of the current crisis and on its impact on the business, suggests prudent choices, postponing any forecast on the results of the year until the overall scenario becomes clearer.

Imola, 15th May 2020

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio



⁵ Net financial debt is measured as the sum of short-term and long-term financial liabilities minus cash and financial assets, note no. 14. It should be noted that the methods for measuring net financial debt comply with the methods for measuring the Net Financial Position defined by Consob Resolution no. 6064293 of 28 July 2006 and CESR recommendation of 10 February 2005.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euros)

ASSETS	Notes	31.03.2020	31.12.2019
NON- CURRENT ASSETS			
Intangibles assets	1	235,508	256,300
Property, plant and equipment	2	44,611,415	48,354,131
Equipment and other tangible assets	2	1,680,981	1,750,118
Assets under construction and advance	2	1,522,261	1,436,379
Non-current financial assets and receivables	3	241,908	234,765
Non-current tax receivables	4	375,564	375,564
Deferred tax assets		1,623,854	1,375,021
TOTAL NON -CURRENT ASSETS		50,291,491	53,782,278
CURRENT ASSETS			
Inventory	5	91,024,841	82,308,481
Trade receivables	6	67,379,771	63,130,268
Tax receivables	7	830,683	832,772
<i>(of which: related parties)</i>		<i>196,803</i>	<i>196,803</i>
Receivables due from other	8	2,189,852	2,053,794
Current financial assets	9	2,059,649	385,919
Cash and cash equivalents	10	4,985,058	8,631,545
TOTAL CURRENT ASSETS		168,469,854	157,342,779
TOTAL ASSETS		218,761,345	211,125,057

SHAREHOLDERS EQUITY AND LIABILITIES	Notes	31.03.2020	31.12.2019
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	11	14,626,560	14,626,560
RESERVES	11	109,168,832	115,276,611
RESULT OF THE PERIOD	11	(864,946)	1,942,159
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO GROUP SHAREHOLDERS		122,930,446	131,845,330
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		(336,437)	(343,966)
TOTAL SHAREHOLDERS' EQUITY		122,594,009	131,501,364
NON -CURRENT LIABILITIES			
Non-current financial liabilities	12	7,727,854	8,746,825
Deferred tax liabilities		91,422	127,125
Provisions for risks and charges	13	725,465	901,284
Employee benefits' provisions		5,073,515	5,099,185
TOTAL NON- CURRENT LIABILITIES		13,618,257	14,874,419
CURRENT LIABILITIES			
Current financial liabilities	14	46,866,787	42,300,450
Trade payables	15	26,117,901	13,454,746
Tax payables	16	142,908	126,082
Social security contributions		1,325,965	1,848,422
Other current liabilities	17	8,095,517	7,019,574
TOTAL CURRENT LIABILITIES		82,549,080	64,749,274
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		218,761,345	211,125,057

CONSOLIDATED INCOME STATEMENT

(Euros)

	Notes	31.03.2020	31.03.2019
Sales revenues	18	77,258,265	85,201,057
Other income		386,223	430,562
TOTAL REVENUES		77,644,488	85,631,619
Cost of raw material and consumable	19	(66,849,387)	(70,760,936)
Change in inventories of work in progress and finished good		6,656,524	3,683,807
Cost for services		(6,652,488)	(7,603,707)
Personnel cost	20	(7,651,601)	(7,830,765)
Amortisation/Depreciations	21	(1,818,153)	(1,727,753)
Provisions and write-downs	22	(28,592)	(36,272)
Other operating costs		(236,990)	(391,221)
EBIT		1,063,800	964,772
Financial incomes / (charges)	23	(2,086,383)	1,396,835
RESULT BEFORE TAXES		(1,022,583)	2,361,607
Income Taxes	24	165,166	(840,799)
RESULT BEFORE NON-CONTROLLING INTERESTS		(857,417)	1,520,808
Non-controlling interests		(7,529)	661
RESULT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS		(864,946)	1,521,469

Earnings (loss) per share (EPS)

- basic EPS ascribable to ordinary shareholders of the parent company	25	(0.032)	0.057
- diluted EPS ascribable to ordinary shareholders of the parent company	25	(0.032)	0.057

CONCOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31.03.2020	31.03.2019
€/000		
RESULT OF THE GROUP AND NON-CONTROLLING INTERESTS	<u>(865)</u>	<u>1,521</u>
Translation difference on financial statement of foreign companies	<u>(8,046)</u>	<u>823</u>
Total components of comprehensive income that will be reclassified under the profit / (loss) of the year	(8,046)	823
Total comprehensive profit / (loss) for the period, net of taxes	<u>(8,911)</u>	<u>2,345</u>
Attributable to:		
Shareholders of the Parent Company	(8,903)	1,344
Minority shareholders	8	1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€/000	Share capital		Other reserves			Retained earnings					Total	Minority interest	Total shareholders' equity	
	Share capital	Own shares	Share premium reserve	Own shares (shares premium)	Other reserves	Foreing currency reserve	Legal reserve	Extraordinary reserve	Reserve IAS 19	Unidivid d profit				Result for the period
Balance as of 31 december 2018	14,627	(788)	40,539	64	45,924	(22,624)	2,925	34,486	(1,071)	11,714	5,876	131,671	(375)	131,296
Result for the period											1,521	1,521	(1)	1,520
Other comprehensive profit / (loss)						823						823		823
Total profit / (loss) from statement of comprehensive income						823					1,521	2,344	(1)	2,344
Allocation of the result of the previous year										5,876	(5,876)			
Dividends														
Sell / purchase own shares		(5)		(15)								(20)		(20)
Balance as of 31 march 2019	14,627	(793)	40,539	49	45,924	(21,801)	2,925	34,486	(1,070)	17,588	1,521	133,991	(376)	133,615
Balance as of 31 december 2019	14,627	(800)	40,539	33	45,924	(22,894)	2,925	41,059	(1,196)	9,687	1,943	131,854	(344)	131,501
Result for the period											(865)	(865)	8	(857)
Other comprehensive profit / (loss)						(8,046)						(8,046)		(8,046)
Total profit / (loss) from statement of comprehensive income						(8,046)					(865)	(8,911)	8	(8,903)
Allocation of the result of the previous year										1,943	(1,943)			
Dividends														
Other										10		10		10
Sell / purchase own shares		(5)		(9)								(14)		(14)
Balance as of 31 march 2020	14,627	(805)	40,539	24	45,924	(30,940)	2,925	41,059	(1,196)	11,640	(865)	122,929	(336)	122,594

CONSOLIDATED STATEMENT OF CASH FLOWS	Note	31.03.2020	31.03.2019
<i>€/000</i>			
OPERATING ACTIVITIES			
Profit for the year		(865)	1,521
<i>Adjustments for:</i>			
Depreciation/Amortization	21	1,818	1,728
Net change in deferred tax (assets)/liabilities		(285)	50
Capital (gains)/losses from the realisation of fixed assets		-	(2)
(Gains)/Losses on unrealized exchange rate differences		(175)	(29)
Current taxes	24	(161)	(780)
Financial charges / (incomes)	23	2,509	(1,435)
Operating profit/(loss) before change in working capital		2,841	1,053
Financial charges paid	23	(2,736)	(283)
Financial income received	23	227	1,718
Decrease (increase) in inventories	5	(8,716)	1,631
Change in account receivables	6	(4,250)	(11,243)
Change in account payables	15	12,663	13,862
Net change in current assets and liabilities for the period		773	2,143
Net change in non-current assets and liabilities for the period		(209)	(694)
Exchange rate difference on translation of financial statements in foreign currency		(5,814)	581
CASH FLOW GENERATED BY OPERATING ACTIVITIES		(5,220)	8,767
INVESTING ACTIVITIES			
Investments in tangible assets	2	(533)	(325)
CASH FLOW USED IN INVESTMENTS		(533)	(325)
FINANCIAL ACTIVITIES			
Financing refunds	12	(1,019)	(2,284)
Net change in short-term loans	14	4,566	(2,751)
Exchange rate difference on translation of financial statements in foreign currency		658	(322)
Change in current financial assets	9	(1,674)	(1,238)
Change in minority shareholders' capital		8	(1)
Management of own shares (sales/purchases)		(14)	(20)
CASH FLOW GENERATED FROM FINANCIAL TRANSACTION		2,526	(6,616)
NER CASH FLOW FOR THE PERIOD		(3,228)	1,827
CASH BALANCE AT START OF YEAR	10	8,632	7,019
TOTAL NET CASH FLOW FOR THE PERIOD		(3,228)	1,827
EXCHANGE RATE DIFFERENCE		(419)	193
CASH BALANCE AT THE END OF YEAR	10	4,985	9,039

NOTES TO THE CONSOLIDATED INTERIM REPORT AT 31 MARCH 2020
GENERAL INFORMATION

The consolidated interim report as of March 31st, 2020 were authorised for publication by the Board of Directors of IRCE S.p.A. (henceforth also referred to as the "Company") on May 15th, 2020.

The IRCE Group is one of the major industrial players in Europe in winding wires, as well as in electrical cables in Italy.

Italian plants are located in the towns of Imola (Bologna), Guglionesi (Campobasso), Umbertide (Perugia) and Miradolo Terme (Pavia), while foreign operations are carried out by Smit Draad Nijmegen BV in Nijmegen (NL), FD Sims Ltd in Blackburn (UK), IRCE Ltda in Joinville (SC – Brazil), Stable Magnet Wire P.Ltd in Kochi (Kerala – India) and Isodra GmbH in Kierspe (D). IRCE Electromagnetic wire (Jiangsu) Co. Ltd., new company, is in Haiian (China).

The distribution network consists of agents and the following commercial subsidiaries: Isomet AG in Switzerland, DMG GmbH in Germany, Isolveco Srl and Isolveco 2 Srl in Italy, IRCE S.L. in Spain, and IRCE SP.ZO.O in Poland.

GENERAL CRITERIA

The First Quarter Report at March 31st, 2019 have been drawn up in compliance with the IAS 34 "Intermediate Balance Sheet" and with article 154 ter of TUF. This balance sheet consolidated not includes all information requested by annual balance sheet and must be read together with December 31st 2019 Financial Statement.

The diagrams used for compiling the consolidated balance sheet of the Group have been prepared in compliance with the IAS 1 principle, in particular;

- The shareholders' equity has been introduced by separately presenting current and non-current assets and liabilities.
- The profit-and-loss account has been prepared by classifying the item "by nature".

The following notes have been indicated in thousand euro.

This First Quarter Report has not been reviewed by Auditors, because not subjected to this obligation.

Evaluation usage

The compilation of consolidated shortened balance sheet according to IFRS requires the evaluation and the value assuming which affect the assets and the liabilities and the advises related to potential assets and liabilities up to reference date. The collected results could be different from the evaluations. The evaluations are used to point out allowances due to credit risks, amortizations, asset depreciation and taxes.

CONSOLIDATION AREA

The table below lists the companies included in the consolidation area at March 31st,2020:

Company	% of investment	Registered office	Currency	Share capital	Consolidation
Isomet AG	100%	Switzerland	CHF	1,000,000	line by line
Smit Draad Nijmegen BV	100%	Netherlands	€	1,165,761	line by line
FD Sims Ltd	100%	UK	£	15,000,000	line by line
Isolveco Srl	75%	Italy	€	46,440	line by line
DMG GmbH	100%	Germany	€	255,646	line by line
IRCE S.L.	100%	Spain	€	150,000	line by line
IRCE Ltda	100%	Brazil	BRL	157,894,223	line by line
ISODRA GmbH	100%	Germany	€	25,000	line by line
Stable Magnet Wire P.Ltd.	100%	India	INR	165,189,860	line by line
IRCE SP.ZO.O	100%	Poland	PLN	200,000	line by line
Isolveco 2 Srl	100%	Italy	€	10,000	line by line
Irce Electromagnetic wire (Jiangsu) Co. Ltd	100%	China	CNY	15,209,587	line by line

There are not changes in the consolidation area compared to Consolidated Balance Sheet as of December 31st, 2019.

DERIVATIVE INSTRUMENTS

The Group uses the following types of derivative instruments:

- Derivative instruments related to copper purchase forward transactions with maturity after March 31st, 2020. Purchase contracts have been done to prevent price increases relating to sale commitments with fixed copper values. The fair value of forward contracts outstanding at the reporting date is determined on the basis of forward prices of copper with reference to the maturity dates of contracts outstanding at the reporting date. These transactions do not qualify as hedging instruments for the purposes of hedge accounting.

A summary of derivative contracts related to copper in force on March 31st, 2020, is shown below:

Measurement unit of the notional value	Notional value with maturity within one year (tons)	Notional value with maturity after one year	Result with fair value measurement as of 31/03/2020 €/000
Net Tons	3,850	-	(1,932)

- Derivative instruments related to USD forward purchase and GBP forward sale contracts with maturity after March 31st, 2020. These transactions do not qualify as hedging instruments for the purposes of cash flow hedge accounting.

A summary of derivative contracts related to currencies outstanding on March 31st, 2020:

Measurement unit of the notional value	Notional value with maturity within one year (€/000)	Notional value with maturity after one year	Result with fair value measurement as of 31/03/2020 €/000
USD	6,510	-	36
GBP	6,000	-	234

The fair value of forward contracts for currency in force as of March 31st, 2020, is determined on the basis of forward prices of currencies with reference to the maturity dates of contracts in force at the reporting date.

FAIR VALUE

A comparison between the carrying amount of financial instruments held by the Group and their fair value did not yield significant differences in value.

IFRS 7 defines the following three levels of fair value for measuring the financial instruments recognised in the statement of financial position:

- Level 1: quoted prices in active markets.
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs not based on observable market data.

The following table highlight the assets and liabilities that are measured at fair value as March 31st, 2020 in terms of hierarchical level of fair value measurement (€/000):

March 31 st , 2020	Level 1	Level 2	Level 3	Total
Assets:				
Derivative financial instruments	-	270	-	270
Total assets	-	270	-	270
Liabilities:				
Derivative financial instruments	-	(1,932)	-	(1,932)
Total liabilities	-	(1,932)	-	(1,932)

During the year, there were no transfers between the three fair value levels specified in IFRS 7.

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. INTANGIBLE ASSETS

This balance sheet item concerns the intangible assets from which economic benefits are expected in the future. The variations in intangible assets are detailed below:

€/000	Patent and intellectual property rights	Licenses, trademarks, similar rights and other multi-year charges	Total
Net carrying amount as of 31/12/2019	69	187	256
<i>Movements of the period</i>			
. Investments	-	-	-
. Effect of exchange rates	(1)	(1)	(2)
. Reclassifications	-	-	-
. Amortisation	(8)	(10)	(18)
Total changes	(9)	(11)	(20)
Net carrying amount as of 31/03/2020	60	176	236

2. TANGIBLE ASSETS

€/000	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Net carrying amount as of 31/12/2019	13,042	13,639	21,672	1,056	695	1,436	51,541
<i>Movements of the period</i>							
. Investments	-	12	219	90	14	198	533
. Effect of exchange rates	(77)	(561)	(1,806)	(12)	-	(2)	(2,458)
. Reclassifications	-	-	103	7	-	(110)	-
. Divestments	-	-	(252)	-	(2)	-	(254)
. Depreciation relative to disposals	-	-	250	-	2	-	252
. IFRS 16	-	(15)	-	-	(9)	-	(24)
. Depreciation of the period	-	(254)	(1,363)	(110)	(50)	-	(1,777)
Total changes	(77)	(818)	(2,849)	(25)	(45)	86	(3,728)
Net carrying amount as of 31/03/2020	12,965	12,822	18,823	1,031	649	1,522	47,813
Of which IFRS 16	-	133	-	-	61	-	194

The Group's investments, in first quarter 2020, were € 0.53 million and mostly concerned the Parent Company IRCE S.p.A.

3. NON-CURRENT FINANCIAL ASSETS AND RECEIVABLES

Non-current financial assets and receivables are broken down as follows:

€/000	31/03/2020	31/12/2019
- Equity investments in other companies	120	113
- Other receivables	122	122
Total	242	235

The item "equity investments in other companies" refers to a shareholding held in the Indian subsidiary Stable Magnet Wire P. Ltd in a dormant company.

The item "other receivables" refers to Energy Savings Certificates (ESC) held by the parent company IRCE S.p.A.

4. NON-CURRENT TAX RECEIVABLES

This item refers by €/000 376, to the tax credit relative to the reimbursement claim for 2011 IRES (corporate income tax), in compliance with Article 2, paragraph 1-*quater*, of Italian Law Decree No. 201/2011, of the parent company IRCE S.p.A.

5. INVENTORIES

Inventories are detailed as follows:

€/000	31/03/2020	31/12/2019
- Raw materials, ancillary and consumables	32,002	28,584
- Work in progress and semi-finished goods	19,545	12,977
- Finished products and goods	43,343	44,671
- Provisions for write-down of raw materials	(2,707)	(2,759)
- Provisions for write-down of finished products and goods	(1,158)	(1,165)
Total	91,025	82,308

Recognized inventories are not pledged nor used as collateral.

The provision for the write-down of raw materials corresponds to the amount deemed necessary to cover the risks of obsolescence, mainly of packaging, whilst the provision for the write-down of finished products and goods is made against slow-moving or non-moving finished products.

Inventories were also written down by €/000 645 to their estimated realisable value, which is lower than their average weighted cost.

6. TRADE RECEIVABLES

€/000	31/03/2020	31/12/2019
- Customers/bills receivable	66,756	63,781
- Bad debt provision	(624)	(651)
Total	67,380	63,130

The balance of receivables due from customers is entirely composed of receivables due within the next 12 months.

The table below shows the changes in the bad debt provision during the first months of 2020:

€/000	31/12/2019	Allocations	Uses	31/03/2020
Bad debt provision	651	24	(51)	624

7. TAX RECEIVABLES

Tax receivables, of €/000 831, refer to tax advances paid partially offset by current tax payables.

8. RECEIVABLES DUE FROM OTHERS

The item was broken down as follows:

€/000	31/03/2020	31/12/2019
- Accrued income and prepaid expenses	278	119
- Advances to suppliers	275	-
- Receivables due from social security institutions	151	110
- Other receivables	681	761
- VAT receivables	805	1,064
Total	2,190	2,054

9. CURRENT FINANCIAL ASSETS

/000	31/03/2020	31/12/2019
- Mark to Market copper forward transactions	-	372
- Mark to Market USD forward transactions	36	-
- Mark to Market GBP forward transactions	234	-
- Fixed deposit for LME transactions	1,789	14
Total	2,060	386

The items "Mark to Market" refer to the Mark to Market (*fair value*) measurement of derivative contracts outstanding as of 31/03/2020 of parent Company IRCE S.p.A.

The item "Fixed deposit for LME transactions" refers to margin calls ("hedging requests") deposited with brokers for forward transactions of copper on LME (London Metal Exchange).

10. CASH AND CASH EQUIVALENTS

This item includes bank deposits, cash in hand and valuables.

€/000	31/03/2020	31/12/2019
- Bank deposits	4,972	8,621
- Cash on hand and valuables	13	11
Total	4,985	8,632

The bank and postal deposits are not subject to liens or restrictions.

11. SHAREHOLDERS' EQUITY

Share capital

The share capital is composed of 28,128,000 ordinary shares for an equivalent of € 14,626,560 without nominal value. The shares are fully subscribed and paid up and bear no rights, privileges or restrictions as far as dividend distribution and capital distribution, if any, are concerned.

Own shares as of 31st March, 2020 amounted to 1,548,088 and correspond to 5.5% of the share capital.

Reserves are detailed below:

€/000	31/03/2020	31/12/2019
- Own shares (deducted from share capital)	(805)	(800)
- Share premium reserve	40,539	40,539
- Own shares (share premium)	24	33
- Other capital reserves	45,924	45,924
- Foreign currency translation reserve	(30,941)	(22,894)
- Legal reserve	2,925	2,925
- Extraordinary reserve	41,059	41,059
- IAS 19 reserve	(1,196)	(1,196)
- Undivided profit	11,640	9,687
Total	109,170	115,277

The reduction in the foreign currency translation reserve is mainly due to the depreciation of the Brazilian Real against the Euro.

12. NON-CURRENT FINANCIAL LIABILITIES

€/000	Currency	Rates	Company	31/03/2020	31/12/2019	Due
Banco Popolare	EUR	Variabile	IRCE S.p.A.	3,125	3,125	2023
Mediocredito	EUR	Variabile	IRCE S.p.A.	3,692	4,154	2025
Banco Popolare	EUR	Variable	Isomet AG	776	1,329	2021
IFRS 16	EUR	Variable	IRCE S.p.A.	28	28	2023
IFRS 16	EUR	Variable	IRCE SL	90	90	2023
IFRS 16	EUR	Variabile	Magnet Wire Ltd	17	21	2022
Total				7,728	8,747	

13. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges were broken down as follows:

€/000	31/12/2019	Allocations	Uses	31/03/2020
Provisions for risks and disputes	696	146	(327)	515
Provision for severance payments to agents	205	5	-	210
Total	901	151	(327)	725

The item "provision for risks and dispute" refers for € / 000 345 to costs to be incurred by the Dutch subsidiary Smit Draad Nijmegen BV classified in the income statement among personnel costs and for € / 000 170 to various disputes of the parent company IRCE S.p.A.

The supplementary customer indemnity provision refers to provisions for severance indemnities relating to existing agency contracts.

14. CURRENT FINANCIAL LIABILITIES

The current financial liabilities are detailed below:

€/000	31/03/2020	31/12/2019
- Payables due to banks	45,095	42,099
- Mark to market derivatives	1,704	113
- IFRS 16	68	88
Total	46,867	42,300

The item "Mark to Market Derivatives" refers to the Mark to Market (*Fair Value*) measurement of currencies forward contracts outstanding as of 31/03/2020 of the Parent Company IRCE S.p.A.

With reference to the financial liabilities, **the Group's net financial position**, drawn up in accordance with the Consob Communication 6064293 dated 28th July 2006 and the CESR guidelines dated 10th February 2005, is as follows:

€/000	31/03/2020	31/12/2019
Cash	4,985	8,632
Other current financial assets*	2,060	25*
Liquid assets	7,045	8,657
Current financial liabilities*	(45,163)*	(42,300)
Net current financial indebtedness	(38,118)	(33,643)
Non-current financial liabilities	(7,728)	(8,747)
Non-current financial indebtedness	(7,728)	(8,747)
Net financial indebtedness	(45,846)	(42,390)

* These items differ from the corresponding items of the statement of financial position, since the fair value of copper forward contracts is not included.

15. TRADE PAYABLES

Trade payables are all due in the next 12 months.

As of 31/03/2020 they totaled €/000 € 26,118 compared to €/000 13,454 as of 31/12/2019.

The increase in trade payables is mainly due to the greater quantity of traveling copper as of 31/03/2020.

16. TAX PAYABLES

The item, equal to € / 000 143 at 31/03/2020, refers to income tax payables of foreign subsidiaries.

17. OTHER CURRENT LIABILITIES

Other payables were broken down as follows:

€/000	31/03/2020	31/12/2019
- Payables due to employees	3,628	3,366
- Deposits received from customers	1,975	1,957
- Accrued liabilities and deferred income	288	262
- Other payables	300	476
- VAT payables	1,419	476
- Employee IRPEF (personal income tax) payables	486	483
Total	8,096	7,020

Payables to employees include liabilities for the thirteenth month, for accrued holidays and for production bonus.

The item "Deposits received from customers" refers to the deposits for packaging that will be re-credited to the customers when they return these packages.

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT
18. SALES REVENUES

These items refer to revenues for the sales of goods after returns and discount. The consolidated turnover of the first three months equal to €/000 77,258 decrease of 9.3% in respect to the same period of the previous year (€/000 85,201).

19. COSTS OF RAW MATERIALS AND CONSUMABLES

This item is equal to €/000 66,849 includes the costs borne for purchasing raw materials - such as copper, insulating materials, packaging materials and consumable items (for maintenance work), net of changes to inventories (€/000 4,931).

20. PERSONNEL COST

Here below is the breakdown of personnel cost:

€/000	31/03/2020	31/03/2019	change
- Salaries and wages	5,244	5,469	(225)
- Social security charges	1,355	1,434	(79)
- Retirement costs for defined contribution plans	350	346	4
- Other costs	701	582	119
Total	7,651	7,831	(181)

21. AMORTISATION/DEPRECIATION

Amortisation/depreciation is detailed as follows:

€/000	31/03/2020	31/03/2019	Change
- Amortisation of intangible assets	18	11	7
- Depreciation of tangible assets	1,776	1,717	59
- IFRS 16	24	-	24
Total amortisation/depreciation	1,818	1,728	90

22. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are broken down as follows:

€/000	31/03/2020	31/03/2019	change
- Write-downs of receivables	29	36	(7)
Total provisions and write-downs	29	36	(7)

23. FINANCIAL INCOME AND CHARGES

Financial income and charges are detailed as follows:

€/000	31/03/2020	31/03/2019	Change
- Other financial income	227	1,718	(1,491)
- Interest and other financial charges	(2,735)	(283)	(2,452)
- Foreign exchange gains/(losses)	422	(38)	460
Total	(2,086)	1,397	(3,483)

of which:

€/000	31/03/2020	31/03/2019	Change
- Income / (losses) on LME derivatives	(2,416)	1,372	(3,788)
Total	(2,416)	1,372	(3,788)

The item "Income / (charges) on LME derivatives" refers to the closing and fair value measurement of the forward purchase transactions on copper of the parent company IRCE SPA, the negative effect at 31/03/2020 is due to the reduction in the copper value in March 2020.

24. INCOME TAX

€/000	31/03/2020	31/03/2019	Change
- Current taxes	(161)	(780)	(619)
- Deferred tax assets/(liabilities)	326	(61)	265
Total	165	(841)	(354)

25. EARNINGS PER SHARE

As required by IAS 33, here below are the disclosures on the data used to calculate basic and diluted earnings per share.

For the purposes of calculating the basic earnings per share, the profit or loss for the period less the portion attributable to non-controlling interests was used as the numerator. In addition, it should be noted that there were no preference dividends, settlements of preference shares, and other similar effects to be deducted from the profit or loss attributable to the ordinary equity holders. The weighted average number of ordinary shares outstanding was used as the denominator; this figure was calculated by deducting the average number of own shares held during the period from the overall number of shares composing the share capital.

Basic and diluted earnings per share were equal, as there are no ordinary shares that could have dilutive effects and no shares or warrants that could have dilutive effects will be exercised.

	31/03/2020	31/03/2019
Net profit/(loss) for the period	(864,946)	1,521,469
Average weighted number of ordinary shares outstanding	26,579,912	26,602,712
Basic earnings/(loss) per Share	(0.032)	0.057
Diluted earnings/(loss) per Share	(0.032)	0.057

26. RELATED PARTY DISCLOSURES

In compliance with the requirements of IAS 24, the quarterly compensation for the members of the Board of Directors is shown below:

€/000	Compensation for office held	Compensation for other tasks	Total
Directors	63	84	147

This table shows the compensation paid for any reason and under any form, excluded social security contributions.

27. EVENTS FOLLOWING THE REPORTING PERIOD

No significant events occurred between the reporting date and the current drafting date.

28. CERTIFICATION PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/1998

The Executive Manager assigned to draw up the company books, Ms. Elena Casadio, declares that the information contained in this quarterly report is an accurate representation of the documents, accounting books and records.